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THE FINANCIAL PERFORMANCE OF FOOD AND BAVERAGE COMPANIES : ENTERPRISE RISK MANAGEMENT, BUSINESS STRATEGY AND CEO NARCISSISM

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Abstract

The background of this research is the importance of the performance of manufacturing companies to be able to increase the added value of raw materials, require a lot of labor, and the largest foreign exchange earner. Therefore, companies must produce good performance in order to survive in the competition. Company performance is the achievement of company results that refer to predetermined standards within a certain period. This research aims to obtain empirical evidence of the effect of Enterprise Risk Management, Business Strategy, and CEO Narcisism on company financial performance in food and beverage sub-sector companies listed on the IDX in 2018 - 2022. The dependent variable in this study is financial performance, while the independent variables in this study are Enterprise Risk Management, Business Strategy, and CEO Narcsim. This study uses an associative quantitative approach with data sourced from the company's annual report for the period 2018 - 2022. Data analysis with panel data regression with EVIEWS 10 tools. The results of the Enterprise Risk Management variable research with a prob value of 0.6075 indicate that Enterprise Risk Management has no effect on financial performance. The Business Strategy variable with a prob value of 0.0661 means that Business Strategy has no significant effect on financial performance. The CEO Narcisism variable obtained a prob value of 0.0266 indicating that CEO Narcisism has an effect on financial performance.

INTRODUCTION

Companies that play an important role in national economic development are the food and beverage sub-sectors. In general, investment in the food and beverage sector is long-term and increases along with economic growth. From 2018 to 2022, the food and beverage subsector has 30 companies, but 13 companies have earned revenue or profit throughout 2018-2022. The following is the profit after tax of manufacturing companies listed on the IDX in the food and beverage sub-sector for the last five years.

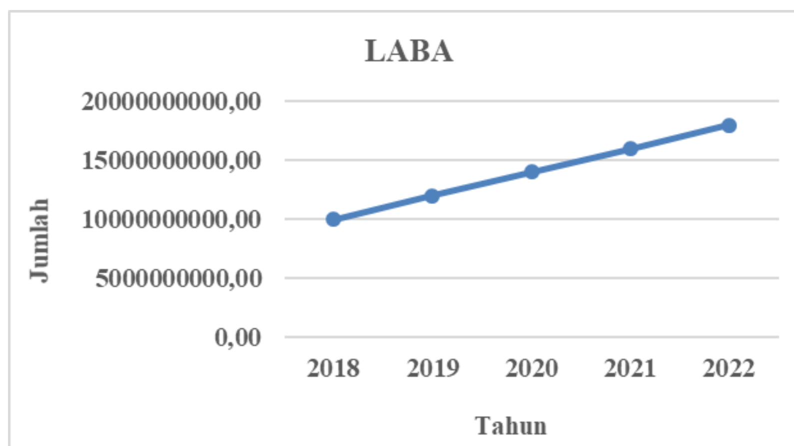

Figure 1 : Average profit after tax of food and beverage sub-sector manufacturing companies listed on the IDX 2018 - 2022

The profits earned by these 13 companies from year to year have increased significantly. Investors will be interested in investing in companies in this sector, because the price of food and beverages remains stable, but as the population of Indonesia increases every day, the supply of food and beverages tends to increase so that demand increases. Another reason that investors are interested in investing is because companies in this sector are generally a profitable sector with large profits. (www.idx.co.id).

(Syakhrun, Amin, & Anwar, 2019) Company performance is a company's success to generate profits from the company's activities that have been carried out in a certain time span. Company performance can inform the company's ability to earn profits. In general, if the ratio number increases, it can show that the company is in a state of profit, and the smaller this ratio number indicates that the company is not profitable. Company performance has the most important meaning for the company because this ratio becomes indispensable when assessing the company's capacity. A high level of company performance can provide an overview of the company's performance in generating profits.

Factors that can affect Company Performance seen from the phenomenon of food and beverage sub-sector problems include Enterprice Risk Management, Business Strategy, and Ceo Narcism. (Munfaida & Amin, 2020) and (Dinoyu & Septiani, 2020) Enterprise risk management has a positive effect on company performance because the implementation of enterprise risk management helps management make better decisions for risk control. If decisions are made based on relevant information (in the form of risks and opportunities), then the company's performance is better. Company performance is the perception of investors on the growth potential of a company which is often associated with the development of stock prices. Companies that implement ERM are able to reduce operational losses, recognize opportunities, and reduce the negative consequences of risks which ultimately create value for stakeholders in the form of increased ROA. Meanwhile, research conducted by (Mutaz, Hernawati, & Maulana, 2022) shows that Enterprice Risk Management has no effect on Company Performance, it happens because the high fixed assets owned by the company are indeed used for operational and investment activities not as a tool to print profits.

(Rosmadi, 2021) states that business strategy has a positive influence on company performance because business organizations (companies) can grow and develop if in carrying out their business activities they adhere to the concept of effectiveness and

productivity. It is undeniable that the establishment of a business organization is the achievement of optimal profit (profit). The step to win the competition is to implement a marketing strategy that is right on target both in terms of quality, price, and competitiveness of the products it produces. By implementing a good and appropriate business strategy, it will increase the company's profit which is a reflection of the company's performance. Research (Alimy & Herawaty, 2020) & (Putri et al., 2023) states that business strategy has a positive effect on company performance. Furthermore, research according to (Sari & Suwarno, 2020) states that business strategy has a positive effect on company performance, this is in line with signal theory because the profits achieved by the company can increase with good quality financial performance that can have a positive impact in the future, so that company performance can increase. Research (Basuki, 2020) shows that Business Strategy has no effect on Company Performance because this company has not implemented a consistent business pattern from year to year. As a result of the inconsistent implementation of the strategy, using any strategy still has nothing to do with company performance.

Research (Sari & Dkk, 2020) that CEO Narcissism has a positive effect on company performance, this is in accordance with signal theory because if it is associated with the narcissism of the CEO who has a high sense of confidence in making a decision with a good risk for the company's future prospects, investors get a positive signal about the published CEO narcissism information. Research (Mutiarni, et al, 2022) CEO narcissism has no effect on financial performance because CEO narcissism cannot be used as a reference to the extent to which the company's financial goals have been achieved. Most investors or creditors see financial performance through financial reports and do not see how confident the CEO is. Measurement of financial performance through ROA which measures how the company can return assets, if assets are not used effectively the amount of return on assets will be low. In addition, all stakeholders' decisions in investing are also assessed based on the company's financial performance, not with the narcissistic attitude of a CEO.

The development of the economic sector that supports smooth economic activity, especially the food and beverage sector in Indonesia, attracted the author to conduct research. Food and beverage companies are one of the sectors that investors are interested in, on the grounds that this sector is one of the sectors that can survive in the midst of Indonesia's poor economic conditions due to the Covid-19 pandemic, because the establishment of more and more food and beverage companies is expected to provide favorable prospects in meeting people's needs. the results of several previous studies show inconsistencies, so the authors are interested and interested in reviewing the influence of Enterprice Risk Management, Business Strategy, and Ceo narcissism on financial performance.

Signaling Theory

Signal theory was first coined by Spence in his research entitled Job Market Signaling Spence (1978) suggests that a signal or signal provides a signal, the sender (owner of the information) tries to provide relevant pieces of information that can be utilized by the recipient.

Signal theory is related to business strategy because signal theory is carried out by managers who expect future company growth to be at a high level, they will try to signal to investors through financial reports. Managers are encouraged to signal to investors because

they expect high profits, if investors trust the signal, then there is a share price will increase and shareholders will get high benefits. signal theory arises due to information asymmetry between companies that provide positive signals in the form of good financial reports to external parties and outside parties so that companies have an urge to provide financial statement information to external parties, while if the business strategy in a company can increase, it can provide good signals to investors. an improved business strategy can cause financial performance to also increase. Signal theory accommodates companies that will try to convey signals, in the form of disclosing financial statements that contain positive information for investment to see. Which will be useful for investors to decide to invest. If it is associated with the behavior of the narcissistic CEO who is too confident in making a decision for the company in the future, investors get a signal of the published Narcissistic CEO behavior (Maduwu & Simbolon, 2023).

Stakeholders Theory

Stakeholder theory provides a foundation for studying the relationship between companies and stakeholders (Naseem et al., 2020). Freeman (1984) defines stakeholders as individuals or groups that affect or are affected by the policies and objectives of a company. Stakeholder theory is a strategic management concept, its purpose is to help corporations strengthen relationships with external groups and develop competitive advantage. Stakeholder theory says that a company is not an entity that only operates for its own interests but must provide benefits to its stakeholders.

Stakeholder theory is related to enterprise risk management because value creation in this study is realized in the form of enterprise risk management implementation by companies disclosed in annual reports to stakeholders. Where companies try to create value for stakeholders by showing the company understands and manages risks thoroughly. effective ERM implementation will improve company performance (Dinoyu & septiani, 2020).

Financial Performance

The use of Company Performance ratios can be done by using comparisons between various components in the financial statements, especially the balance sheet and profit and loss financial statements (Alfiani & Nurmala, 2020). The goal is to see the company's development over a certain period of time, either a decrease or an increase, as well as to find the cause of these changes. The purpose of using the Company Performance ratio for companies, as well as parties outside the company, is as follows:

1. To measure or calculate the profit earned by the company in a certain period,
2. To assess the position of profit development over time,
3. To assess the amount of net profit after tax with own capital, and
4. To measure the productivity of all company funds used both loan capital and own capital

Enterprise Risk Management

In the Executive Summary issued by COSO (2004) in (Moeller, 2007), what is meant by Enterprise risk management (ERM) is a process influenced by the board of directors, management, and other personnel applied in setting strategy and covering the company as a whole, designed to identify potential events that can affect the company and manage risks that are within its limits to provide sufficient assurance relating to the achievement of

company goals. Enterprise risk management (ERM) addresses risk through identification, evaluation, minimizing the costs incurred by risks, and seeing the possibility of potential events that can cause losses (Pamungkas, 2019).

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Business Strategy

The business strategy approach according to (Miles and Snow, 1978) is based on the success of an organization in adapting to environmental changes that occur. Based on this, 4 generic strategies were developed: prospector, defender, analyzer and reactor.

1. The Prospector Strategy is a form of continuous innovation by discovering and exploiting new product and market opportunities. The competitive strength of the prospector strategy is the ability to observe and analyze rapid environmental changes, trends and create new products that match dynamic environmental changes. Companies that implement a prospector strategy will innovate continuously on a product or service, this will cause their competitors to have difficulty predicting and anticipating the movements of companies that implement prospector strategies. If the products and services that are thrown into the market get a positive response, this will be a competitive advantage.
2. The Defender Strategy is a strategy characterized by seeking a stable market and producing only limited products to serve a narrow market. Defender strategy will try to protect its market share in an aggressive manner. A company that implements a defender strategy will be successful if it is still a leader for mastery of a particular technology and mastery of a particular market niche. The mastery of a niche in an industry will be defended vigorously and try to make it difficult for competitors to penetrate the market.
3. The Analyzer Strategy, this strategy has the characteristics to analyze and imitate. The company conducts an analysis first before entering a business, observing and imitating business ideas that have been successful in the market and endorsed by prospectors. The analysis includes an evaluation of the compatibility or suitability of the strategy for the company.
4. Reactor Strategy, companies that implement the reactor strategy react to environmental changes slowly. The slow response is due to the limited resources required and the inability to exploit resources in its function of adapting to environmental changes. This strategy is not one of the recommended strategies for maintaining competitive advantage.

CEO Narcisism

Armenic and Craig (2010) in Rispantyo (2019) say that an individual can be categorized as having a narcissistic personality when they have a minimum of five of these characteristics. Individual can be categorized as having a narcissistic personality when he or she has at least five of the following criteria the following criteria, namely: (1) self-absorbed; (2) preoccupied with unlimited fantasies about success, power, brilliance, and the like. fantasies about his own personal success, strength, brilliance and beauty; (3) believes that he is the only one who (3) believes that he/she is special and unique; (4) desires excessive admiration from others; (5) feels that he/she is special and unique; (6) interpersonal exploitation; (7) lack of empathy with the feelings and needs of others; (8)

prejudice against others or perceived being jealous of others or assuming that others are jealous of them; (9) exhibiting arrogant and haughty behavior. In a company, the Chief Executive Officer (CEO) has an important role in decision-making.

As part of the company's top-level management, a CEO has the task of bringing the company to continuously improve the company's performance so that the company attracts the attention of many investors. So that the company attracts the attention of many investors. As a leader, the CEO must not have narcissistic traits, this is because it can have a negative impact on the company and the company's performance. (Chatterjee & Hambrick, 2007). In (Meilani et al., 2021) suggest that CEOs who behave narcissistically will affect the dynamism of the company's strategic steps. Affect the dynamism of the company's strategic steps. In addition, CEO narcissism can affect the company's financial performance (Olsen et al., 2014 in (Ernawan & Daniel, 2020).

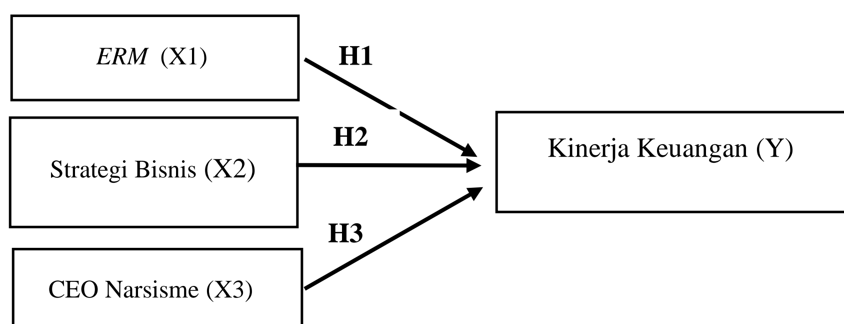

Figure 2 : Research Framework

The Effect of Enterprise Risk Management on Financial Performance

Enterprise Risk Management is an ability of an organization or company to be able to understand and also control the level of risk taken in terms of business management and also accountability for the risks taken (Novita, 2019).

Enterprise risk management can improve financial performance through the ability to recognize opportunities by increasing capital deployment and reducing operational losses. This indicates that ERM implementation can not only reduce the negative consequences of risk, but also help identify opportunities and improve the company's operational and strategic decision-making process. If so, then companies with good ERM implementation should experience a higher rate of return on capital and accounting performance, namely an increase in ROA (Dinoyu & Septiani, 2020). Based on stakeholder theory that stakeholders have the right to obtain information about the company's activities through the disclosure of enterprise risk management, managers can communicate information related to the company's operations or conditions through the annual report to meet stakeholder interests.

The Effect of Business Strategy on Financial Performance

Business strategy is a company's effort to take policies and guidelines that have integrated commitments and actions and are designed to build excellence in business competition to meet and achieve business goals. In business, it is very important to have a business strategy because a business strategy can also be a benchmark for companies in achieving successful profits or financial performance that can increase every month (Basuki, 2020).

The results of research conducted by (Arminiani, Basuki, & Suwarno, 2021) show that Business Strategy has an effect on Performance, this is because the use of an effective

information system strategy can achieve strategic orientation and is beneficial in influencing company performance..

The Effect of CEO Narcissism on Financial Performance

A successful company certainly has a great and talented leader, he is responsible for the company's business area, therefore the CEO is very important for the company in the success of the company, or the company's profit, if the leader is negligent and does not want to be responsible for the company he holds, then the company does not run as smoothly (Kusiyah, et al, 2022). CEO Narcissism basically has its own value and impact on the company, although sometimes it is considered negative which can harm the company if it is involved in a legal case because of its confidence in making very risky decisions. On the other hand, CEO Narcissism also has a positive value for company management to motivate employees to improve performance through the enthusiasm and energy provided by the CEO from his strong confidence (Muttiarni, et al, 2022). In line with signal theory because if it is associated with CEO narcissism that has a high sense of confidence in making a decision with good risk for the company's future prospects, investors get a positive signal about the published CEO narcissism information.

Research conducted by (Sari & Dkk, 2020) shows that Ceo Narcism affects company performance. This is because the CEO as the top executive of a company has a considerable influence on the ethical values that run in the company. In addition, the CEO of the company is responsible for the company's financial statements published for all company stakeholders which have an impact on good company performance.

RESEARCH METHODE

It is a quantitative research with an associative approach, where the research analyzes the relationships between variables and analyzes the statistical means of abuse. Data sorting techniques used literature research and documentation. The subject of research is the financial reports of 2018-2022 of food and baverage companies, which can be accessed through the websites of each company at www.idx.co.id. The sampling technique is purposive sampling. Data analysis techniques with EVIEWS 10 tools include: descriptive statistics, panel data regression model test, classical assumptions, panel data regression analysis, model feasibility test, coefficient of determination and hypothesis testing with t test. The sampling methodology for this study used purposive sampling with the subsequent criteria:

Table 1: Population and Sample

Description	Amount
Food and beverage sub-sector companies listed on the IDX 2018-2022	43
Food and beverage sub-sector companies that do not report consecutive financial reports 2018-2022	-27
Food and beverage sub-sector companies that experience losses 2018-2022	-3
Food and beverage sub-sector companies accepted (i)	13
Periods of observation (t)	5
Final Observations (i*t)	65

Financial Performance

Company performance is the manager's ability to manage the company so as to benefit the company in a certain period. Profitability describes the effective level of management in managing the company to achieve the targets expected by the principal. The company's profit level affects the movement of the tax burden so that if the company has a high profit level, the tax burden will be high. Profitability consists of several ratios, one indicator that can be used to measure the company's ability to generate profits can be calculated using ROA (Kusiyah & Kalbuana & Rusdiyanto, 2022). Financial performance uses ROA measuring instruments, because ROA in financial analysis is one of the techniques that is comprehensive and commonly used to measure the level of effectiveness of the company's overall operations. The Return on Assets formula is as follows:

$$\text{ROA} = \frac{Current\ Year\ Profit}{Total\ Asset}$$

Enterprise Risk Management

Enterprise Risk Management is an integrated risk management system with the aim of improving company performance (Munfaida & Amin, 2020). Enterprise risk management listed in the company's annual report is done by searching for the same phrase as the following words "Enterprise Risk Management, internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication". Enterprise Risk Management is measured using Dummy Variables, value 1 for companies that implement Enterprise Risk Management and 0 for companies that do not implement Enterprise Risk Management, for searches on keyword companies using the words listed above, after the words searched in each company exist, and apply Enterprise Risk Management, will be given a value of 1 and those that do not apply are given a value of 0.

Business Strategy

Business strategy is an integrated set of actions aimed at achieving the long-term goals and strengths of the company to deal with competitors. Implementation of business strategy is an important task for managers in achieving organizational success. The managerial task of implementing and implementing this strategic choice requires an assessment that will develop the needs of the organization's capabilities and the achievement of targeted goals (Alimy & Herawaty, 2020). The four proxies used for determining business strategy are:

1. Employee to sale

This proxy is used to calculate the efficiency level of each company's production and product distribution capabilities. Companies that use the defenders strategy focus more on organizational efficiency so that defenders have fewer employees than prospectors. The equation used is:

$$EmptoS = \frac{Number\ of\ Employees}{Sales}$$

2. Market to Book Ratio

This proxy is used to calculate the company's growth rate. Companies that use a prospectors strategy have the opportunity to grow faster than defenders. The equation is :

$$MtoB = \frac{Stock\ Market\ Price}{Equitas : Number\ of\ Shares\ outstanding}$$

3. Market to Sale

This proxy is used to calculate the performance of marketing firms. Firms that use a prospectors strategy have a higher advertising burden than defenders. The equation is :

$$MtoS = \frac{Advertising\ Expenses}{Sales}$$

4. Fixed Assets Intensity

This proxy is used to calculate a company's concentration on the production of its assets. Companies that use the defenders strategy have a higher fixed assets intensity ratio than prospectors. The equation is :

$$PPEINT = \frac{Property, Plant,\ and\ Equipment}{Asset}$$

All of these ratios are calculated on a moving average for 5 years with the previous period then ranked based on quantiles, with the provisions of the highest value of 5, in the next position given a value of 4 and so on (except for PPEINT which uses the reverse order, namely the highest 1 and the lowest 5). for ranking divided by 5 based on the amount of sample data used and divided equally so that each ranking gets the same ranking results. The following is the value of each score:

Table 2. Value for each score

EmptoS	
NILAI	SCOR
0-0,00000000134281	5
0,00000000134281-0,00000000080940	4
0,00000000080940-0,00000000040050	3
0,00000000040050-0,00000000020958	2
0,00000000020958-0,00000000012121	1
MtoB	
0-00000614	5
0,00000614-0,00000172	4
0,00000172-0,00000042	3
0,00000042-0,00000013	2
0,00000013-0,00000009	1
MtoS	
0-0,03398340	5
0,03398340-0,00925845	4
0,00925845-0,00415889	3
0,00415889-0,00135930	2
0,00135930-0,00003249	1
PPEINT	
0-0,79370982	1
0,79370982-0,49302082	2
0,49302082-0,43908436	3
0,43908436-0,31223598	4
0,31223598-0,02698715	5

Scoring a sample of companies for each variable by sorting according to quantiles for a sample of companies per year:

Table 3 : Score composition for Business Strategy

EmptoS	*MtoB*	*MtoS*	*PPEINT*
5 Highest	5 Highest	5 Highest	1 Highest i
4	4	4	2
3	3	3	3
2	2	2	4
1 Lowest	1 Lowest	1 Lowest	5 Lowest

Tabel 4 : Strategy Determination Criteria

***STRATEGY* Scor**	**Strategy Type**
04 - 10	*defender*
11 - 20	*prospector*

After determining the type of strategy in each year of the business strategy, it is classified into the type criteria where:
1. score 0 if the company has a defender business strategy status
2. score 1 if the company has a prospector business strategy status

CEO Narcisism

(Kusiyah & Kalbuana & Rusdiyanto, 2022), The expression of self-love is one of the uniqueness with a dark side that is very suitable for a CEO. CEO narcissism is measured by the CEO photo score in the annual report, with the following criteria:

1. Scor 1 = CEO photo not available
2. Scor 2 = Photo of the CEO with 1 or more fellow executives.
3. Scor 3 = CEO's own photo less than half a page in size.
4. Scor 4 = CEO's own photo with more than half page size.

RESULT AND DISCUSSION

Table 5 presents descriptive statistics of the data. Standard deviation describes how the data is distributed around the mean.

Table 5. Statistik Deskriptif

	KP Y	ERM X1	SB X2	CN X3
Mean	0.083646	0.538462	0.769231	3.061538
Median	0.070746	1.000000	1.000000	3.000000
Maximum	0.221789	1.000000	1.000000	4.000000
Minimum	0.000986	0.000000	0.000000	1.000000
Std. Dev.	0.048268	0.502398	0.424604	0.949949
Observations	65	65	65	65

Source: Output EVIEWS 10, 2023

Table 5 shows that the standard deviation on all variables is smaller than the mean value, so the variables can be said to be good. To select a panel data regression model, the Chow Test and Hausman Test are used. Table 6 shows the model selection results.

Table 6. Model Estimation of Panel Data Regression Test

Model testing	Model Option	Results	Conclusion of the right model
Chow Test (prob cross-section F)	CEM vs FEM	0.0000	Fixed Effect Model (FEM)
Hausman Test (prob cross-section random)	FEM vs REM	0.0000	Fixed Effect Model (FEM)

Source: Data processed by authors, 2023

The chow test result shows that the F cross-section probability value is 0.0000, which is less tahan 0.05 significance level, indicating that the fixed effects model is a good alternative between CEM and FEM. The hausman test can compute probabilities crosssection random 0.05186 < 0.05, the fixed effects model is a good estimation model. From this we can conclude that the regression model used to test the study hypothesis is a fixed effects model.

Classical Assumptions

The classical assumption test shows that the data is normally distributed, free from multicollinearity, free from heteroscedasticity and free from autocorrelation. This means that the estimated model using the fixed effects model can be used as the basis for hypothesis testing:

Table 7. Classical Assumption Test

	Uji Normalitas (Prob. Jarque Bera > 0.05)	**Uji Multikolinearitas (correlation < 0.8)**	**Uji Heterokedastisitas (Prob. Chi-square > 0,05)**	**Uji Autokorelasi (Du < DW < 4-Du)**
Hasil	0,823839 > 0,05	-0.287352 0.224139 -0.002980	0.0601 > 0.05	1,7028 < 1,9394 < 2,2972
Kesimpulan	data berdistribusi normal	Bebas dari masalah multikolinearitas	Bebas dari masalah heteroskedastisitas	Bebas dari masalah autokorelasi

Source: Data processed by authors, 2023

Panel Data Regression Analysis

Fixed effect model output is shown in Table 8. The regression model formed is:

Y= 0,001798 a + 0,006960 ERM + 0,026547 SB+ 0,018840 CN+ e

The constant (α) of 0.001798 provides an explanation that if it is assumed that the

value of the independent variable is 0, then the level of Company Performance is 0.001798 units. Enterprise Risk Management, obtained a coefficient value of 0.006960 with a positive sign, which means that if there is an increase in Enterprise Risk Management by 1 unit assuming other variables are zero, it will increase financial performance by 0.006960. Business Strategy, obtained a coefficient value of 0.026547 with a positive sign, which means that if there is an increase in the company's Business Strategy by 1 unit with the assumption that the other variables are zero, it will increase the financial performance by 0.026547. CEO Narcism, obtained a coefficient value of 0.018840 with a positive sign, which means that if there is an increase in the company's CEO Narcism by 1 unit with the assumption that the other variables are zero, it will increase the financial performance by 0.018840.

Table 8. Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001798	0.030561	0.058847	0.9533
ERM	0.006960	0.013463	0.516941	0.6075
SB	0.026547	0.014126	1.879361	0.0661
CN	0.018840	0.008240	2.286252	0.0266
Cross-section fixed (dummy variables)				
R-squared	0.635345	Mean dependent var		0.083646
Adjusted R-squared	0.523716	S.D. dependent var		0.048268
S.E. of regression	0.033311	Akaike info criterion		-3.756107
Sum squared resid	0.054372	Schwarz criterion		-3.220874
Log likelihood	138.0735	Hannan-Quinn criter.		-3.544923
F-statistic	5.691565	Durbin-Watson stat		1.045593
Prob(F-statistic)	0.000002			

Source: Output EVIEWS 10, 2023

Table 8 above, shows about:

1. The coefficient of determination in the FEM model with an Adjusted R-squared value of 0.523716, which means that the variability of the dependent variable can be explained is 52.37% while the remaining 47.63% is explained by other variables outside the research model. This can explain that together the Enterprise Risk Management, Business Strategy, and CEO Narcism variables can only explain the variation in the Company Performance variable by 52.37%.
2. The F probability shows a value of 0.000002 <0.05, meaning that the fixed effect regression model is a feasible model.
3. Enterprise Risk Management probability value of 0.6075 is greater than α 0.05 so that H1 is rejected. It can be concluded that Enterprise Risk Management has no effect on Financial Performance.
4. The probability of Business Strategy of 0.0661 is greater than α 0.05 so that H2 is rejected. It can be concluded that Business Strategy has no effect on financial performance.
5. The probability value of CEO Narcism of 0.0266 is smaller than α 0.05 so that H3 is accepted. It can be concluded that CEO Narcism affects financial performance.

CONCLUSION

Enterprise Risk Management does not have a significant effect on Company Performance, meaning that the better or worse the Enterprise Risk Management of a company, does not affect the potential actions of Company Performance in a company. This is reinforced by observations made by researchers regarding Enterprise Risk Management in Food and beverage sector companies that have varying Enterprise Risk Management values. Enterprise Risk Management for companies that have not applied or have applied it does not become a signal to outside parties that makes or attracts investors or creditors so that it does not become a determining factor for profitability up or down. As long as the company does not experience a level of risk that has not increased and can still be resolved, the application of ERM is not a problem for companies that can handle risk.
The results of this study for business strategies use more prospector strategies which take advantage of market opportunities by identifying and developing new products, if the company. If the company develops new products, and sales increase greatly, this will have a positive impact on the share price in the capital market, so that investors will be attracted by the company to invest shares, therefore this business strategy does not have a significant effect on company performance. As for this research, the food and beverage sector mostly has a prospector strategy, they focus on developing new products which will incur more costs so that the company can experience losses, for companies that spend more on new products or do not spend, it is likely to result in losses to the company, but this does not make the main factor in increasing profitability.

CEOs who are able to make various changes and one way to advance the company is through innovation Companies are established with the aim of maximizing shareholder wealth. Shareholder wealth will be reflected in the company's performance which represents the ability to generate profits on assets and equity owned. The company requires policies and provisions regarding the efforts that need to be made to achieve good company performance, for this reason the company requires human resources who occupy the top position and are responsible for making decisions regarding efforts for the company's progress called the Chief Executive Officer or CEO.

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